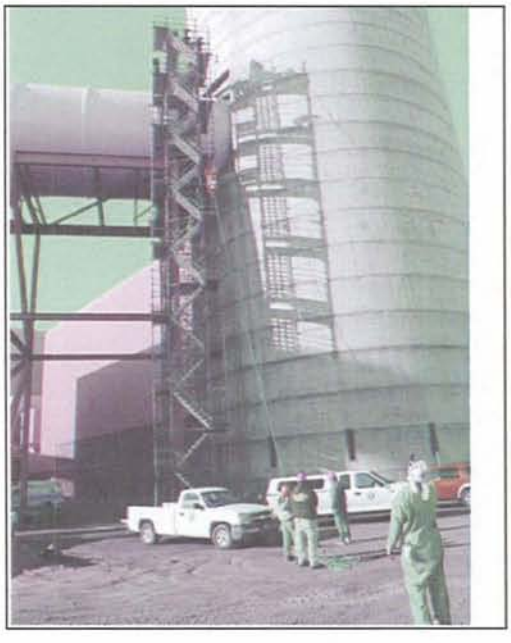
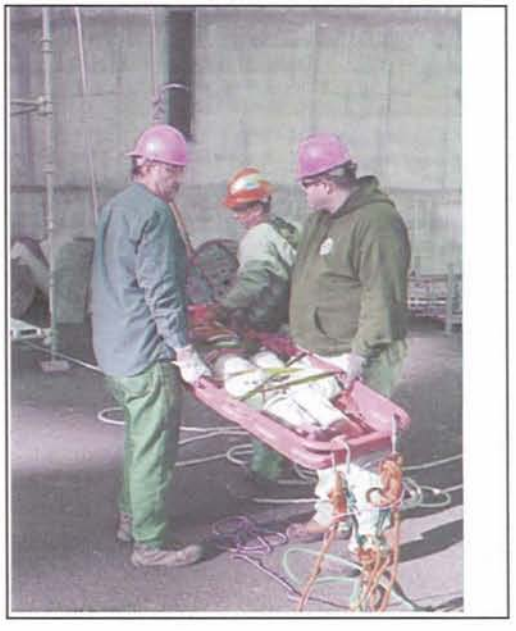
IPSC

Unit 2 Mini Outage — There was a one-week mini outage on Unit 2 during the week of March 7 - 14, to ensure that the Unit could run until the next major outage scheduled in the fall of 2010. The major work completed during the outage included boiler slag removal, boiler tube replacement in the convection pass, boiler inspection and repair, coal feeder and pulverizer inspection and repair, and condenser expansion joint repair. Other smaller jobs were also completed to ensure the reliability of the Unit.

Rope Rescue Drill — The Safety Section used the scaffolding along the east side of the stack to aid in training their rope rescue personnel. The team practiced evacuating a "victim" from the uppermost levels using a litter in different configurations. They also used different procedures to extract "victims" (sometimes the mannequin and sometimes each other) from various other pieces of equipment and structures. The Rope Rescue Team is a valuable asset to IPSC and to the entire community.





Boiler Tube Leaks — Unit 2 experienced two boiler tube leaks within a two-week period. The first one occurred on March 19 and the second on March 25. The center tube in the Superheat Outlet Pendent Panel appeared to fail because of embrittlement issues related to short- and long-term overheating of the 347 Stainless Steel (SS) tubes in this area. The overheating may have been caused by a large clinker in the middle of the boiler panels that was redirecting the hot gases to the side wall of the boiler. The clinker was removed during the Unit 2 mini-outage, which was before the tube leaks occurred. In mid-April, a forced outage on Unit 2 was caused by another boiler tube leak during the Unit 1 major outage. Once again, IPSC employees were able to fix the leak and get the Unit back online in a timely manner.

Scrubber Modifications — With the help of AP&F, IPSC began a five-year scrubber modification project. This included replacing the coatings on the reaction tank, replacing the rubber that coats the scrubber laterals and headers, and replacing the gunnite on the Course 2 slope. After the coatings were removed, the underlying steel was repaired or replaced. These major coating systems were originally designed to last for approximately 15 years and had performed well, but needed to be replaced.

Unit 1 Major Outage — April was a very busy month for IPSC employees and contractors. The 2009 Unit 1 Major Spring Outage began on March 29 and returned to operation on April 27.

During the outage, repairs and maintenance were completed on much of the equipment. Along with all of the scheduled maintenance projects, inspections, cleaning and testing were also completed. The following are a few highlights of what took place during the outage:

- Rebuilt nine sections of the Circulating Water (CW) lines with carbon fiber reinforced FRP. This was a continuation of repairs to the concrete steel reinforced lines.

- Replaced 140 boiler tubes, shielded over 600 tubes, and pad welded approximately 20 tubes.

- Installed five new boiler cleaning access doors to allow better access for removal of clinkers and slag buildup in the intermediate pendants in the boiler.

- Upgraded the Coal Feeder 1A weigh bridge.

- Replaced obsolete vibration-monitoring equipment of Forced Draft (FD), ID, and Primary Air (PA) fans.

- Replaced scrubber module F inlet and outlet expansion joints, main outlet duct expansion joint, and outlet duct coatings on south end.

- Upgraded Phase 6 ABB controls. Replaced Unit 1 main control room 584 PLCs with ABB DCS I/O interface devices. This was a continuation of the controls upgrade of the obsolete Modicon controllers.

Employee Health Day and Fun Walk — IPSC's annual Health and Fitness Day was held on May 20. Several different activities were held during breaks to help encourage employees to participate in physical activities. Some of the activities included golf putt, basketball, darts, tennis serve, and max bench press reps. During the lunch break, approximately 200 employees and spouses participated in the "Fun Walk."

Summer Interns — IPSC hosted over a dozen Summer Interns this year in cooperation with the Department of Workforce Services (DWS) under the American Recovery and Reinvestment Act of 2009 (The Stimulus). This program was designed to help young adults, 18- to 24-years of age, find summer employment where they could learn job skills and work ethics during the tough economy. These temporary workers worked for approximately three months primarily as laborers, but with some working in the Lab, Engineering, and Drafting Sections. After seeing that applicants met the criteria of the program, DWS matched them with available jobs in the community where they gained work experience and were paid wages by the program. IPSC was given the opportunity to receive extra help and provide qualified young adults valuable training and experience in a favorable environment near home.

Unit 2 Roof Fire — On June 18, employees smelled smoke as they came out of the elevator on the 11th floor of Unit 2. As they looked around, they noticed sparks coming from the roof and notified the Fire Brigade. Fire axes were brought to the scene and two fire hoses were in operation on the 11th floor and two on the 8th floor. Responders used fire axes to open the roof around the vents to check for fire extension and smoldering.

George Cross reported, "The fire is believed to have started in the outside wall as a result of sparks from arc gouging the 204B Redler wear plates during an overhaul. Sparks evidently got into the metal seams where coal dust smoldered and eventually caught a 4" x 6" wood roof support beam on fire. The employees working in the area had a hot-work permit and were following the requirements of the permit. In the future, the area and walls will be wet down after a couple of hours to

make sure coal dust in the metal walls doesn't smolder and catch on fire. The damaged roof material was removed and the area cleaned up in preparation for repairs."

The IPSC response systems worked efficiently and effectively to contain any potential threat to the Unit and to personnel. The speed of response in this incident is indicative of the preparation and skills of our emergency response teams.

Production Incentive Program — A production incentive of 4.07 out of 5.0 was earned for the fiscal year ending June 30. The checks were distributed to employees on July 15.

Change in Medical Insurance Provider — After many hours of research and comparisons, IPSC selected Tall Tree Administrators, utilizing the WISE Provider Network, as their new medical plan beginning July 1. The new plan included a new preventive benefit that paid up to $1,000 a person for preventive services such as annual physicals, eye exams, hearing exams, colonoscopies, mammograms, well-baby care, etc. The vision hardware benefit, which could be used toward eyeglasses or contacts, was increased to $220 every other year.

New Union Contract — After approximately nine months of negotiations, a new three-year Union contract was ratified and signed on July 10.

Benefit Changes — The following employee benefit changes went into effect during July:

- The Wellness Benefit was calculated on the first 80 hours of Short-Term Disability (STD) usage. The plan paid 50 percent of the first 80 hours of the STD benefit not used during the year.
- Corrective action that had any suspension time attached to it, remained in the employee's personnel file for three years.
- An additional floating holiday was available to employees based upon the work rules.
- The meal allowance was increased to $11.50.
- The short shift was eliminated.
- The default Qualified Joint and Survivor Annuity (QJSA) benefit for the

pension plan was increased from 50 percent to 100 percent.

Summer Party — Once again, IPSC employees and families enjoyed an outing at an Owlz baseball game for the annual IPSC Summer Party. The party was held on August 8 in Orem, Utah. Megan Huber, wife of Steve Huber, sang the National Anthem and Lydia Hintze, wife of Steve Hintze, threw the first pitch.

New Electronic Communication System — A new Electronic Communication System (ECS) was installed in the USB lunchroom in August. This ECS was a duplicate of the system that was installed in the downstairs Admin lunchroom in 2006. The system was automatically updated from the Marlin Company with workplace messages. Custom in-house messages could also be uploaded to the system.

IPSC Health Fair — IPSC held its fifth annual Health and Safety Fair in September. Education topics included selecting better shoes and boots to decrease pain and fatigue, being a better health consumer, eye health and safety, flu prevention and hand washing, dealing with major changes or loss in life and the grieving process, prostate health, and cardiac risk.

A total of 264 individuals participated in one or more of the following offered screenings: PSA, glucose/diabetes, blood pressure, and cholesterol.

Utah Safety Council Award — Mike Mooney accepted an award from the president of the USC on behalf of IPSC. The Awards Committee of the USC selected IPSC to receive the Award of Merit for its achievements in workplace safety performance. To be considered for this award, the organization's incident rate must be lower than the national average for the industry, continuous safety performance improvement must be demonstrated, and essential elements of a safety and health program must be in place.

"E" Train — On September 9, a new unit train rolled into the yard at IR. The 100 cars were manufactured by Trinity Rail at their Sabinas, Mexico facility and incorporated a new patented configuration called Rapid Discharge Longitudinal (RDL). Instead of having several doors

that opened toward the front or back of the car to discharge coal, the RDL car had only two doors that opened to the side. IPSC Operations was impressed with the RDL car capabilities of speedy coal discharge and better winter operation. The new train carried 2000 series numbering and was commonly known as the "L" Train.

Healthy Worksite Award — The IPSC Staywell Program received the Platinum Level "Healthy Worksite Award" from the UDOH for Worksite Health Promotion. This year marked 15 consecutive years for IPSC receiving an award from the Governor's Council. The purpose of the program was to assist companies in progressing each year to the highest level and implementing quality programs. IPSC started with the entry level award in 1995 and by following recommended guidelines and advancing, the Staywell Program has received the highest award level offered for the past 12 years. For the past four years, this has been called the Platinum Award.

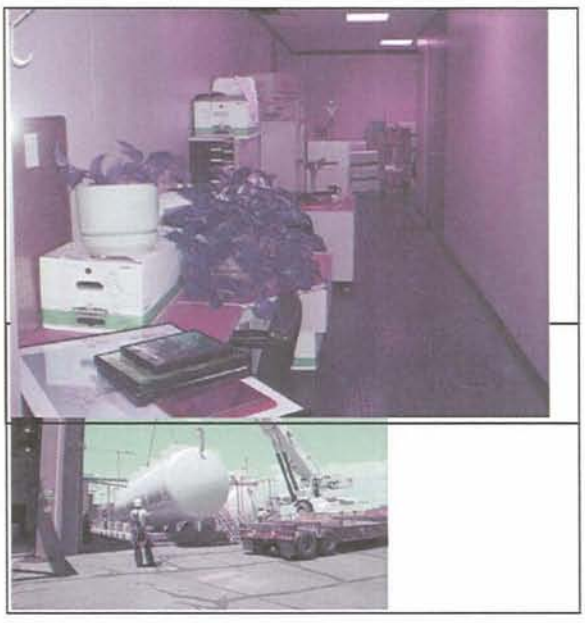
The Healthy Worksite Awards Program recognizes the outstanding achievements of businesses in implementing worksite health promotion programs, including on-site policies and work environments that support healthy lifestyles. UCWHP, formerly the Governor's Council on Health and Fitness, administers the award.

Coal Pile Inventory — The coal pile at IPSC has always had a history of fluctuation. From the end of October 2008 to the end of September 2009, the coal pile almost doubled in size from 1,263,744 tons to 2,471,855 tons. The previous high mark was 1,831,458 tons set at the end of November 1991. This tonnage mark was passed in June and the peak total was reached at the end of September.

Replacement of Circulating Water Acid Tanks — After a leak developed in March 2008 and inspections to determine the damage had been completed, it was decided to replace both acid tanks. The bid to fabricate and deliver the two acid tanks was awarded to Structural Steel and Plate Fabrication, located in North Salt Lake City. The bid was awarded in November 2008 and fabrication began in January 2009. On February 19, a site inspection was performed by Don Smith, Craig Stumph, and Brent Smith of IPSC. Hydrostatic testing for the Unit 1 tank was witnessed and a visual inspection of both tanks was performed. Beginning the week of March 13, AP&F Construction began the preparation work for the removal of the Unit 1 tank. The existing Unit 1 tank was removed and staged in the salvage yard and the two new tanks were delivered. The new Unit 1 tank was placed and all associated piping, railing, grating, and lighting was reattached. A new level transmitter was placed on the new tank and the first truckload of acid was pumped into the new tank the week of April 17. The tank and all piping was leak checked after a second truckload of acid and the tank was put in service. Once in service, the second tank was cleaned.

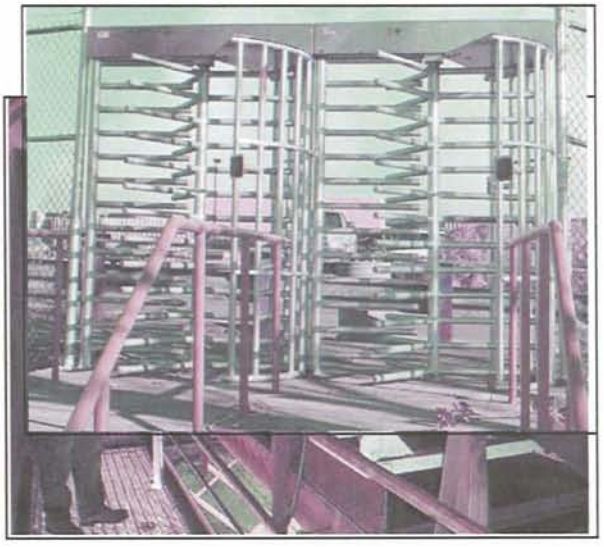
The preparation work for removal of the second tank began the week of May 26. Once this work was completed, the tank was removed and the new tank was set in place. All associated piping, railing, grating, and lighting was reattached the following week and the tank was leak checked and put into service. New insulation and lagging was installed on both tanks in October and November.

On-line Coal Analyzer — An on-line coal analyzer was installed on Conveyor 8 in the Coal Yard. This analyzer provided instantaneous



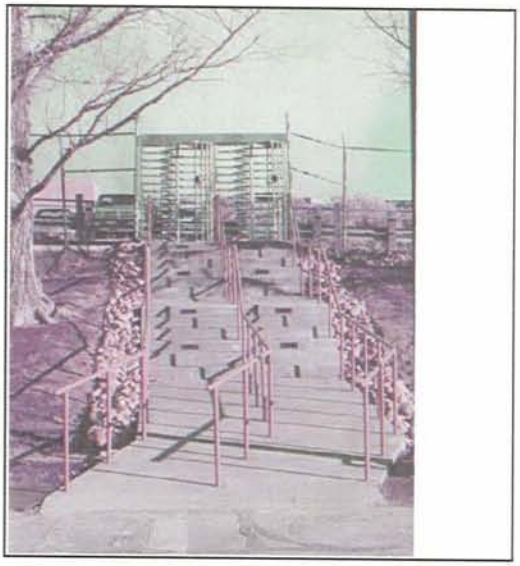
information to the Coal Yard Control Room on coal properties such as ash, moisture, BTUs, sulfur, and elemental properties of the coal. By knowing a particular real-time, instantaneous coal property such as sulfur or BTU content, blending of the coal from the various stockpiles could be done more precisely. Through more accurate blending of the coal supplied to the units, operators could maximize coal resources.

Offices Get a New Look — After over twenty-five years of wear and tear, the carpet in the Admin and in the Maintenance Planning offices was replaced. The work was completed during the evening hours and on weekends to minimize the interruption of work as much as possible. Some of the walls were also repainted while the offices were empty.



New Cyber Security System — The federal government mandated that utilities comply with North American Electric Reliability Corporation (NERC) Cyber Security Standards. As part of this mandate, IPSC installed a new fence on the west perimeter of the property and a new computer-based security system for the site, key control rooms, and the areas containing critical cyber assets.

The computer-based security system construction was completed in December. The NERC requirements mandated that all entrances to a security perimeter be monitored, that all entrants be logged, and that sufficient alarming existed to indicate when someone attempted to enter an area where they were not authorized.



With the new system, all IPSC employees, contractors, and visitors to the site were issued a unique Radio Frequency Identification (RFID) card. As a person entered or exited a security perimeter, a card reader controlled door or gate locks, which allowed or denied entrance. The card reader also logged activity and maintained a NERC required history of entrances and exits.

To facilitate employee site access, a new ramp with turnstiles was installed from the upper parking lot to the sidewalk on the southeast corner of the Admin Building.

Christmas Party — The 2009 Christmas party was held in the ballroom of the student center of Utah Valley University in Orem. There was an abundance of delicious food served in a festive setting. The music was performed by the Joe Friday Band. Santa made his appearance with a merry band of elves to dispense the door prizes. A good time was had by all.

Number of Employees — By the end of the year, the number of employees was 484.

Staff 2009

Personnel Changes — The following personnel changes occurred during 2009:

PROMOTIONS

Employee	From	To

Abbott, Justin	Maintenance Assistant	Maintenance Mechanic II
Anderson, Dean	Auxiliary Operator C	Auxiliary Operator B
Ashman, Robert	Laborer	Insulator/Sheet Metal Worker
Brinkerhoff, Nick	Insulator/Sheet Metal Worker	Maintenance Assistant - I & C
Christensen, Ken	Converter Operator	Operating Supervisor - Converter
Christensen, Morgan	Maintenance Assistant	Maintenance Mechanic II
Crafts, Ryan	Maintenance Assistant	Maintenance Mechanic II
Diaz, Felipe	Laborer	Maintenance Assistant - I & C
Dutson, Russell	Fuel Equipment Operator II	Fuel Equipment Operator I

PROMOTIONS - continued

Employee From	To	
George, Brandon	Maint. Assistant - Electrical	Electrician
Harris, Shawn	Maintenance Mechanic II	Maint. Mechanic/Certified Welder
Henderson, Rick	Elec. Mechanic I - Converter	Utility Technician - Converter
Hintze, Stephen	Laborer	Maint. Assistant - Converter
Jones, Jason	Auxiliary Operator C	Auxiliary Operator B
Jones, Jason	Auxiliary Operator B	Maint. Assistant - Converter
Lake, Richard	Maintenance Mechanic II	Maintenance Mechanic I
Lewis, Dean	Electrical Technician HVAC	Relay Technician
Lovell, Lorne	Electrician	Electrical Technician
Mangelson, Aaron	Maintenance Mechanic II	Maint. Mechanic/Certified Welder
Monroe, Robert	Maint. Assistant - I & C	Controls Mechanic
Mooney, Josh	Auxiliary Operator C	Auxiliary Operator B
Nichols, Matthew	Maintenance Assistant - IR	Maint. Assistant - Electrical
Nielson, Brandon	Laborer	Maint. Assistant - Electrical
Niles, Michael	Maintenance Mechanic II	Maint. Mechanic/Certified Welder
Priest, Joe Maintenance Assistant	Maintenance Mechanic II	
Schena, Boyd	Maintenance Mechanic II	Maint. Mechanic/Certified Welder
Smith, Brandon	Maintenance Assistant	Maintenance Mechanic II
Smith, Donald	Associate Engineer	Engineer
Springer, Kelly	Utility Tech Converter	Converter Operator
Steele, Jeff Utility Tech Converter	Electrical Mechanic I - Converter	
Steele, Mike	Associate Engineer	Engineer
Stephenson, Gary	Lube PM Service Worker	Insulator/Sheet Metal Worker

Stumph, Dallas	Laborer	Maintenance Assistant - HVAC
Styler, Michelle	Clerk Receptionist	Clerk Clerical Pool
Sumsion, Jed	Maint. Assistant - HVAC	Elevator A/C Mechanic
Tanner, Lee	Planner/Scheduler	Elect. Mech. Supv. - Converter
Wankier, Bart	Maintenance Assistant	Maintenance Mechanic II
Webb, Brandon	Laborer	Maint. Assistant - Electrical
Wood, Alan	Maint. Assistant - Electrical	Electrician
Wright, Russell	Electrician	Electrical Technician
Young, Richard	Maint. Assistant - HVAC	Elevator A/C Mechanic

NEW HIRES

Employee	Job Title
Beckstrom, Luke	Laborer
Bliss, Tyson	Laborer
Bryan, Shaun	Laborer
Finlinson, Julian	Laborer
Mickelsen, Jessica	Clerk Receptionist
Moody, Brian	Laborer
Nielson, Jacob	Laborer
Pace, Dillon	Laborer
Rogers, Jared	Laborer
Stewart, Nathan	Laborer
Terril, Michael	Laborer

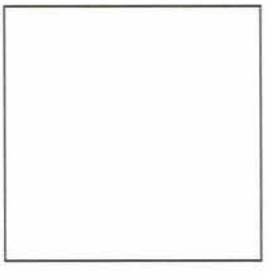
TERMINATIONS

Employee	Job Title
Hughes, Rendon	Laborer
Lyman, Marshall	Maintenance Mechanic I










IPA

Financing — On June 30, the current weighted average borrowing cost was 4.93 percent.